

STAFF REPORT

Meeting Date: May 21, 2003

TO: LAFCO Commissioners
FROM: Everett Millais, Executive Officer
SUBJECT: Budget Adjustment – FY 2002-03

RECOMMENDATION:

Authorize an adjustment to the FY 2002-2003 budget to account for a greater than projected 2001-2002 fund balance by applying excess carryover funds to the "Designation for Subsequent Year Financing" account.

DISCUSSION:

This budget adjustment is being proposed at the request of the Auditor-Controller. It can be considered as a "clean-up" to this year's budget based on the fact that there were greater than projected carryover funds from fiscal year 2001-2002. This year's budget, adopted on June 12, 2002, projected a Fund Balance of \$61,028. That was based on the best information available last June, but the actual year-end closeout amount was \$99,928. The purpose of the recommended adjustment is to account for the \$38,900 difference between the Fund Balance projected in this year's budget and the actual amount available based on the closeout of last fiscal year.

The Commission's Financial Policies provide that the annual budget include a contingency reserve of 10% of total operating expenses unless the Commission deems a different amount appropriate. The adopted budget for this fiscal year has total operating expenses (salaries and benefits and supplies and services) of \$654,130 and a contingency amount of \$65,000, equaling a contingency of approximately 9.9%. Because no transfers from contingencies have occurred or are projected to occur this year, and because sufficient revenue exists for other operating expenses, it is recommended that

COMMISSIONERS AND STAFF

COUNTY: Steve Bennett Kathy Long <i>Alternate:</i> Linda Parks	CITY: John Zaragoza, Vice Chair Evaristo Barajas <i>Alternate:</i> Don Waunch	SPECIAL DISTRICT: Jack Curtis Dick Richardson <i>Alternate:</i> Ted Grandsen	PUBLIC: Louis Cunningham, Chair <i>Alternate:</i> Kenneth M. Hess
EXECUTIVE OFFICER: Everett Millais	PLANNER III: Hollie Brunsky	CLERK: Debbie Schubert	LEGAL COUNSEL: Noel Klebaum

the Commission apply the \$38,900 in excess financing from the 2001-2002 fiscal year to the "Designation for Subsequent Year Financing" account. This action will formally designate that these excess funds will be available for use in the next fiscal year as approved by the Commission.

This action is being recommended at this time so that it is in place prior to the Commission acting on a final budget for fiscal year 2003-2004. If approved, the recommended FY 2003-2004 Final Budget that will be presented to the Commission in June will reflect this accounting change and will also reflect other changes that have occurred in various expense categories since the Proposed Budget for FY 2003-2004 was approved by the Commission in April.